

Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 L-03 H-02 PA-02 AGRE-00 /124 W
-----050251 161626Z /43

R 141919Z JUL 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 8273
INFO AMEMBASSY LONDON
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

UNCLAS BRASILIA 5510

E.O. 11652: N/A
TAGS: EAGR, EGEN, BR
SUBJECT: CONCERN IN BRAZIL OVER DECLINING DOMESTIC COFFEE
CONSUMPTION

REF: BRASILIA 5557 (77)

1. THE JULY 12 GAZETA MERCANTIL (SAO PAULO) CARRIED AN ARTICLE REPORTING ON THE CONCERN OF THE GOB OVER DECLINING COFFEE CONSUMPTION IN BRAZIL. THE ARTICLE STATED THAT THE BRAZILIAN COFFEE INSTITUTE (IBC) DIRECTOR FOR INTERNAL CONSUMPTION, GUILHERME BRAGA, HOPED THAT THE DOMESTIC COFFEE INDUSTRY WOULD LOWER ITS PRICES AND STIMULATE COFFE CONSUMPTION, WHICH HAD DECLINED NOTABLY SINCE 1975 DUE TO HIGHER POST-FREEZE COFFEE PRICES IN BRAZIL.

2. THE ARTICLE POINTED OUT THAT THE COMINATION OF HIGHER COFFEE PRICES AND LOWER PURCHASING POWER OF THE BRAZILIAN LOWER CLASSES MEANT THAT IN SOME CASES CONSUMERS WERE FORCED TO BUY ROASTED COFFEE IN
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QUANTITIES AS SMALL AS A SPOONFUL. ACCORDING TO THE ARTICLE, BRAGA CONCLUDED THAT "ANY REDUCTION IN THE PRICE OF COFFEE TO THE CONSUMER WOULD IN TURN BENEFIT THE COFFEE INDUSTRY BECAUSE IT WOULD RESULT IN AN INCREASE IN CONSUMPTION....ANYONE WHO BUYS COFFEE BY THE SPOONFUL...LOGICALLY IS PREPARED TO BUY MORE AND DOES NOT DO SO ONLY BECAUSE HE DOES NOT HAVE SUFFICIENT

MONEY." IN THIS REGARD, THE MAGAZINE NEGOCIOS EM EXAME (MAY 24, 1978) REPORTED ON THE SUCCESS THAT ONE COFFEE ROASTER HAD IN MARKETING COFFEE IN HALF-KILO PACKAGES RATHER THAN THE STANDARD ONE-KILO PACKAGE, AND CONCLUDED THAT THIS SUCCESS WAS DUE TO THE FACT THAT MANY CONSUMERS SIMPLY COULD NOT AFFORD TO BUY ONE KILO OF COFFEE AT A TIME: FYI: UNTIL RECENTLY, THE RETAIL PRICE OF ROASTED COFFEE WAS FIXED AT CR64.80/KILO, OR APPROXIMATELY US\$1.64/LB. THIS PRICE WAS RECENTLY FREED FROM CONTROL BUT HAS IN FACT MOVED LITTLE, IF ANY, FROM ITS PREVIOUS FIXED LEVEL. END FYI.

3. GAZETA MERCANTIL ARTICLE NOTED THAT TOTAL COFFEE CONSUMPTION IN BRAZIL HAS FALLEN SIX PERCENT SINCE 1974, BASED ON CONSUMPTION OF 7.504 MILLION BAGS IN 1974, 6.41 MILLION BAGS IN 1977, AND 7.035 MILLION BAGS IN 1977.

4. COMMENT: THIS GAZETA MERCANTIL ARTICLE WAS THE FIRST MAJOR PRESS TREATMENT OF THE ISSUE OF COFFEE CONSUMPTION IN BRAZIL SINCE MID-1977 (REFTEL). END COMMENT.
SAYRE

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Message Attributes

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Disposition Reason:
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